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Chapter No. 416  
15/HR40/R1425SG  
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## ***HOUSE BILL NO. 589***

Originated in House



Clerk

HOUSE BILL NO. 589

AN ACT TO PROHIBIT BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT; TO DEFINE CERTAIN TERMS; TO CLARIFY VIOLATIONS OF THIS ACT; TO PROVIDE PROCEDURES FOR ACTIONS UNDER THIS ACT; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

**SECTION 1.** The following words shall have the following meaning, unless the content clearly states otherwise:

(a) "Affiliated person" means a person under common ownership or control of an intended recipient.

(b) "Intended recipient" means a person who purchases, rents, leases or otherwise obtains a product or service in the commercial market that is not for resale in the ordinary business and that is, or later becomes, the subject of a patent infringement allegation.

(c) "Person" means any natural person, partnership, corporation, company, trust, business entity or association, and any agent, employee, partner, officer, director, member, associate, or trustee thereof.

**SECTION 2.** (1) It is a violation of this act for a person, in connection with the assertion of a United States patent, to send, or cause any person to send, any written or electronic communication that states that the intended recipient or any affiliated person is infringing or has infringed a patent and bears liability or owes compensation to another person if:

(a) The communication threatens litigation if compensation is not paid or the infringement issue is not otherwise resolved and there is a consistent pattern of such threats having been issued and no litigation having been filed;

(b) The communication falsely states that litigation has been filed against the intended recipient or any affiliated person; or

(c) The assertions contained in the communication lack a reasonable basis in fact or law because:

(i) The person asserting the patent is not a person, or does not represent a person, with the current right to license the patent to, or to enforce the patent against, the intended recipient or any affiliated person;

(ii) The communication seeks compensation for a patent that has been held to be invalid or unenforceable in a final, unappealable or unappealed judicial or administrative decision;

(iii) The communication seeks compensation on account of activities undertaken after the patent has expired, or

(iv) The content of the communication fails to include the information necessary to inform an intended recipient or any affiliated person about the patent assertion by failing to include any one of the following:

1. The identity of the person asserting a right to license the patent to or enforce the patent against the intended recipient or any affiliated person;

2. The patent number issued by the United States Patent and Trademark Office alleged to have been infringed; or

3. The factual allegations concerning the specific areas in which the intended recipient or affiliated person's products, services, or technology infringed the patent or are covered by the claims in the patent.

(2) It is not a violation of this act for any person who owns or has the right to license or enforce a patent to:

(a) Advise others of that ownership or right of license or enforcement;

(b) Communicate to others that a patent is available for license or sale;

(c) Notify another of the infringement of the patent; or

(d) Seek compensation on account of past or present infringement, or for a license to the patent, if the person is not acting in bad faith.

(3) The provision of this act shall not apply to any written or electronic communication sent by:

(a) Any owner of a patent who is using the patent in connection with substantial research, development, production, manufacturing, processing or delivery of products or materials;

(b) A state institution of higher learning;

(c) An agency of the State of Mississippi;

(d) A technology transfer organization that is owned by or has a written affiliation agreement with a state institution of higher learning or an agency of the State of Mississippi, or is formed pursuant to Section 37-147-1;

(e) Any person that has licensed patent rights from a state institution of higher learning, an agency of the State of Mississippi, or a technology transfer organization that is owned by or has a written affiliation agreement, a state institution of higher learning or an agency of the State of Mississippi, or is formed pursuant to Section 37-147-1, provided that the ownership of the patent rights remains with the state institution of higher learning, the agency of the State of Mississippi, or the technology transfer organization that is owned by or has a written affiliation agreement with a state institution of higher learning or an agency of the State of Mississippi, or is formed pursuant to Section 37-147-1; or

(f) Any person seeking a claim for relief arising under 35 USC Section 271(e)(2) or 42 USC Section 262s.

**SECTION 3.** (1) The Attorney General shall have the authority under this act to conduct civil investigations and bring civil actions.

(2) In an action brought by the Attorney General under this act, the court may award or impose any relief available under state law.

(3) In addition to the relief provided for in Section 4 of this act, upon a motion by the Attorney General and a finding by the court that there is a reasonable likelihood that a person violated Section 2 of this act, the court may require the person to post a bond in an amount equal to a good faith estimate of the costs to litigate a claim and amounts reasonably likely to be recovered if an action were to be brought under Section 3 of this act. A hearing shall be held if either party requests a hearing.

**SECTION 4.** An intended recipient alleging a violation of this act may bring an action in any circuit court in this state. A court shall award litigation costs and fees, including reasonable attorney's fees, to a plaintiff who prevails in an action brought pursuant to this section. In addition, the court may award the following remedies to a plaintiff who prevails in an action brought pursuant to this act:

(a) Actual damages; and

(b) Punitive damages in the amount equal to three (3) times the actual damages.

**SECTION 5.** This act shall take effect and be in force from and after July 1, 2015, and shall stand repealed from and after July 1, 2018.


PASSED BY THE HOUSE OF REPRESENTATIVES  
February 10, 2015

  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE  
March 5, 2015

  
PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR

  
GOVERNOR  
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